

Virginia Department of Taxation

Instructions For Preparing Sales and Use Tax Exemption Application For Nonprofit Organizations

Register on-line at www.npo.tax.virginia.gov

- Please read instructions carefully before completing this form.
- Please print or type, and provide the information requested on all lines that apply to your organization.
- **For assistance call (804) 377-3712.**
- Completed form can either be mailed or faxed to:

**Department of Taxation
Nonprofit Exemption Unit
Post Office Box 27125
Richmond, Virginia 23261-7125
FAX Number - (804) 786-2645**

Instructions

Reason For Submitting This Form

Check the box on the form to indicate the reason you are submitting this form.

- ✓ **New Exemption Application** – Select this option if you are requesting a retail sales and use tax exemption for the first time.
- ✓ **Renewal Application**- Select this option if you currently have an exemption that is due to expire.

Federal Exempt Designation:

If required, nonprofit organizations must apply to the **Internal Revenue Service (IRS)** for recognition of exempt status under § 501(c)(3) or § 501(c)(4) of the Internal Revenue Code before applying to TAX for a Virginia retail sales and use tax exemption. If the organization has a Letter of Determination from the IRS, you must attach a copy along with your application. For additional information on how to apply for federal tax-exempt status, contact the IRS at www.irs.gov/eo or (877) 829-5500.

Organizations with gross receipts less than \$5,000 and organized for one of the purposes under 501(c)(3) or 501(c)(4) may also qualify for a retail sales and use tax exemption. You **must** attach a copy of the organization's Articles of Incorporation, Mission Statement or Statement of Purpose that best describes the organization's charitable purpose.

Section I – Business Information

Question 1

Enter the full legal name of the organization.

Question 2

Enter the Federal Employer Identification Number (FEIN) for your organization. **Do not enter the dash.**

Question 3

Enter the physical street, city, state, zip code, and e-mail address of the organization. Your exemption certificate will be mailed to this address.

Question 4

List the address of where the organization's financial records are available for public inspection, if different from the physical address.

Question 5

Enter the name, daytime telephone number, title, address, FAX number, and e-mail address of the contact person for your organization. This must be a person who is knowledgeable about your organization's financial records.

Question 6

Check the box that best describes the primary basis for the organization's current federal exempt status. tax. If you a church applying for an exemption proceed to the next question, if not, skip to question 8.

- | | | |
|--------------------------------------|----------------------------------|--|
| <input type="checkbox"/> Educational | <input type="checkbox"/> Medical | <input type="checkbox"/> Civic and Community Service |
| <input type="checkbox"/> Cultural | <input type="checkbox"/> Church | <input type="checkbox"/> Other |

Churches – Applying For An Exemption

Question 7

Recent legislation provides two options for nonprofit churches requesting a retail sales and use tax exemption. Check the box to indicate your filing option.

- **Form ST-13A.** Churches using the self-issued exemption certificate will be entitled to the sales and use tax exemption available under the law, as it existed on June 30, 2003. Title 23 of the Virginia Administrative Code (VAC) 10-210-310 provides an illustrative listing of taxable and exempt purchases for nonprofit churches using Form ST-13A. The exemption also includes, church bulletins, programs, newspapers, and newsletters distributed outside the church, gifts distributed outside the church, baptisteries, food, disposable serving items, cleaning supplies, teaching materials used in the operation of a camp or conference center which are used in carrying out the work of the church. A nonprofit church electing to use Form ST-13A, may not purchase construction and building materials exempt of the tax. **Stop here if you select this option. You are now ready to download your certificate.**
- **Tax-Exempt Number** - This option provides a broader exemption for nonprofit churches. The exemption is not limited to tangible personal property for use in the church or in any rooms in the public church buildings in carrying out the work of the church and its related ministries. **If you select this option, proceed to Section II – Financial Information.**

Question 8 – Exemption from Collecting Sales Tax

Complete this question **only** if the Department of Taxation granted your organization an exemption from collecting the **sales and use tax** or you are requesting an exemption and fall within the same class of organization of any entity exempt from collecting sales tax on June 30, 2003, or the entity is organized exclusively to foster and sponsor, and promote physical education, athletic programs, and contest for youths in the Commonwealth. Your organization may still qualify for an exemption on its purchases of tangible personal property even if you do not meet the sales exemption criteria. See pages 5-6 for a list of the organizations currently exempt from collecting the sales tax. The organization must meet **all** the criteria as stated in each classification.

Section II – Financial Information

Question 9

Previous Year's Annual Gross Revenue (AGR) –(a) Enter revenue received from all sources during its annual accounting period before subtracting any costs or expenses. If filed federal Form 990 or Form 990EZ, enter the amount as reported to the IRS. If you are a fiscal year filer, enter the first month of your fiscal year (same as the federal filing period).

*****If the previous year's total gross revenue is \$250,000 or greater, attach a financial audit performed by an independent Certified Public Accountant (CPA). If the AGR is less than \$5,000 you must also attach a mission statement.**

Previous Year's Total Fundraising –(b) Enter fundraising expenses incurred in soliciting contributions, gifts, grants, etc. Fundraising expenses should include all allocable overhead costs incurred in: **(a)** publicizing and conducting fundraising campaigns; **(b)** soliciting bequests and grants from foundation or other organizations, or government grants **(c)** participating in federated fundraising campaigns; **(d)** preparing and distributing fundraising manuals, instructions, and other materials; **(e)** salaries; and **(f)** conducting special events that generate contributions. If filed federal Form 990 or Form 990EZ, enter the amount as reported to the IRS.

Previous Year's General Administrative Cost –(c) Enter administrative expenses incurred for overall function and management, rather than for its direct conduct of fundraising activities or program services. Overall management usually includes the salaries and expenses of the chief officer of the organization and that officer's staff. If part of their time is spent directly supervising program services and fundraising activities, their salaries and expenses should be allocated among those functions. If filed federal Form 990 or Form 990EZ, enter the amount as reported to the IRS.

Question 10

Part One – Total Taxable Purchases

Enter the dollar amount, excluding sales tax of tangible personal property purchased by the organization for the next year, the current year, and the preceding year. This should include all items purchased for use or consumption by the organization in pursuing its mission. Exclude goods for resale, motor vehicles and fuel, services, salaries, insurance, utilities, postage/shipping, rent/mortgage payments, depreciation, and interest charges. Estimates are acceptable. If a fiscal year filer, enter the federal filing period.

****Do not leave any fields blank, enter zero if the organization had no purchases for a specific period.**

Definition - Tangible Personal Property – include items that may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. The term “tangible personal property” shall not include stocks, bonds, notes, insurance or other obligations or securities, motor vehicles, fuel, services, salaries, postage/shipping, rent/mortgage payments, depreciation, and interest charges.

Part Two – Total Taxable Sales

Enter the dollar amount, excluding sales tax of the items sold by the organization for the next year, the current year, and the preceding year. Exclude goods for resale, motor vehicles and fuel, services, salaries, insurance, utilities, postage/shipping, rent/mortgage payments, depreciation, and interest charges. Estimates are acceptable. If a fiscal year filer, enter the federal filing period.

****Answer only if you are exempt from collecting the sales tax on items sold. If not, enter zeros in all the periods. If exempt but had no exempt sales for a particular period, enter zeros.**

Question 11

If you are required to file a federal 990 or 990EZ tax form, please check yes and attach a copy of the form. If you are not required to file, please list the names, addresses and telephone numbers of only **two** members from the Board of Directors.

Question 12

Charitable organizations that intend to solicit contributions within the Commonwealth may be required to register with the Virginia Department of Agriculture and Consumer Services (VDACS). If the organization is registered to solicit contributions in Virginia, please submit the documentation that reflects registration with VDACS. You may contact VDACS at (804) 786-1343 for more information or visit their web page at www.vdacs.virginia.gov/allforms.html#Consumer.

Section III – Signature

This section must be completed.

Read the statement and complete the section if you are authorized to sign the application. If not, have the application signed and dated by an authorized person. Unsigned or improperly signed applications will be returned unprocessed.

CHECKLIST

Please make sure all questions are answered and that the following documents are included with the application, if required:

- ☐ 501(c)(3) or 501(c)(4) IRS Determination Letter
- ☐ Independent Financial Audit from a Certified Public Accountant
- ☐ Mission Statement, Articles of Incorporation or Statement of Purpose
- ☐ Form 990, Form 990EZ or substitute form
- ☐ Proof of Chapter 5 Compliance
- ☐ Authorized Signature

Organizations Exempt on sales as of June 30, 2003

1. Cardiovascular Organizations

Organized and operated exclusively for the purposes of providing education, training, certification in emergency cardiac care, research, and other related services to reduce disability and death from cardiovascular diseases and stroke.

2. Cancer Organizations

Organized exclusively for the purpose of eliminating cancer as a major health problem by preventing cancer, saving lives from cancer, and diminishing suffering from cancer through research, education and service.

3. Diabetes Organizations

Organized and operated exclusively for the purpose of eliminating diabetes through medical research, public education focusing on disease prevention and education, patient education including information on coping with diabetes, and professional education and training.

4. Physical Education Programs

Nonprofit charitable organization which is organized exclusively to foster, sponsor and promote physical education, athletic programs and contests for youths in the Commonwealth.

5. Lung Organizations

Organized and operated exclusively for the purpose of eliminating all lung disease, including asthma, emphysema, lung cancer and pneumonia, through medical research, public education focusing on disease prevention and education, patient education including information on coping with lung disease, smoking and air pollution prevention, and professional education and training.

6. Nutrition Programs

Nonprofit nutrition programs for the elderly qualifying under 42 U.S.C. § 3030e through 42 U.S.C. § 3030g, as amended, as administered by the Virginia Department for the Aging, and the food and food products sold under such programs to elderly persons and the food and food products sold by such program participants to disabled or handicapped persons under the age of sixty.

7. Nonsectarian Youth Organizations (i.e., Boys and Girls Scouts)

Nonsectarian youth organization, which is organized for the purposes of the character development and citizenship training of its members using the methods now in common, use by Girl Scout or Boy Scout organizations in Virginia.

8. Tangible personal property purchased and sold by an organization organized exclusively to provide aid and assistance (i) to the blind or visually impaired or for programs devoted to the prevention of the loss of eyesight;(ii) to the deaf or hearing impaired;(iii) to drug abusers and for drug awareness programs;(iv) to diabetics and for diabetes detection; and (v) for cultural and educational opportunities for the musical talented boys and girls of the Commonwealth, for use in fund-raising activities, provided the net proceeds (gross receipts less expense) from such sales are contributed directly to or used to fund the charitable purposes for which the organization is organized. (i.e., Lions Club)

9. Supports Public Libraries

Organized exclusively for the purpose of providing support to public libraries.

10. Youth Symphony Orchestras

Organized exclusively to foster, promote and increase the musical knowledge, appreciation, experience and performing ability of young people and of the general public, by establishing, maintaining and operating one or more youth symphony orchestras in the Commonwealth.

11. Volunteer Medical Service Organizations

Provide reconstructive surgery and related health care to indigent children and young adults in developing countries and the United States.

12. Food Banks

Food bank or organization organized exclusively for the distribution of foods to infants, the ill, or the needy; the exemptions shall apply to each transaction in the chain of commerce from manufacture to final disposition, provided that such food bank or organization is not conducted for profit.

13. Volunteer Fire Department & Rescue Squads

A volunteer fire department or volunteer rescue squad, an auxiliary or junior organization of such department or squad not conducted for profit, a nonprofit association of which the regular membership is composed of such volunteer fire departments or volunteer rescue squads, and construction materials to be incorporated into realty when sold to and used by such organization, rather than a contractor, in construction, maintenance, or repair of any property of such organization.

14. Virginia Federation of Humane Societies

Virginia Federation of Humane Societies or any chartered, nonprofit organization incorporated under the laws of this Commonwealth and organized for the purpose of preventing cruelty to animals and promoting humane care of animals, when such property is used for the operation of such organizations or the construction or maintenance of animal shelters.

15. Provide food packages at reduced prices

Organized for the purpose of providing food packages at a reduced price through host organizations (i.e., churches, community centers, senior centers, medical centers, Head Start programs) to individuals who agree to perform community service.

16. School fund raising for elementary or secondary (i.e., PTA)

A nonprofit elementary or secondary school, or Parent Teacher Association or other group associated with a nonprofit elementary or secondary school for use in fund-raising activities, the net proceeds (gross receipts less direct expenses) of which are contributed directly to the school or used to purchase certified school equipment, and certified school equipment purchased by such groups for contribution directly to the school. For the purposes of this subdivision, "certified school equipment" means equipment for which the Parent Teacher Association or other group has received certification from the school that it will accept as a donation of equipment. The certification provided by the school shall be in accordance with regulations promulgated by the Tax Commissioner. Notwithstanding the other provisions of this subdivision, the tax shall not apply to the sale of class rings, school photographs, and other fund-raising programs from which a nonprofit elementary or secondary school receives a commission or the net proceeds after the payment of vendors and other direct expenses.

17. Noncommercial Educational Telecommunications Entity

Nonprofit Noncommercial educational telecommunications entity

18. Training and education in law enforcement

Exclusively provides either training and education of any type or duration for employees of governmental law-enforcement and corrections agencies or education of the public in citizen cooperation with public authorities in crime prevention and solution, provided such foundation is nonprofit.